

Message Text

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63

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 EB-11 OMB-01 FEA-02 SCI-06 CIEP-02

STR-08 COME-00 INT-08 TRSE-00 NEA-11 SSO-00 DRC-01

/154 W

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R 042220Z FEB 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2659

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POUCHED ALL CONGENS IN CANADA

E.O. 11652: N/A

TAGS: ENRG CA US

SUBJECT: ENERGY: US-CANADIAN JANUARY 31 CONSULTATIONS

1. CANADIAN PRESS, IN VARIETY OF NEWS STORIES DURING PERIOD FEBRUARY 2-4, REPORTS ON ENERGY MINISTER MACDONALD'S "SUCCESS" IN EXPLAINING AND JUSTIFYING CANADA'S OIL EXPORT TAX DURING LAST WEEK'S WASHINGTON VISIT AND CITES DEFENSE OF THE TAX BY FEO ADMINISTRATOR SIMON IN FACE OF STRONG STATE DEPARTMENT OPPOSITION.

2. MONTREAL GAZETTE AND GLOBE AND MAIL, AMONG OTHERS, QUOTE SIMON AS SAYING IN INTERVIEW THAT CANADA "COULD BE A LITTLE MORE REASONABLE", BUT THAT TAX INCREASE WAS JUSTIFIED AS A "FLOW-THROUGH" OF ARAB OIL PRICE INCREASES. "HERE YOU'VE GOT THE CANADIANS, WHO EXPORT 900 AND SOME-ODD THOUSANDS OF BARRELS A DAY TO US IN THE MIDWEST, TO OUR CONSUMERS, AND THEN ON THE EAST COAST OF THEIR COUNTRY THEY ARE IMPORTING ALMOST A LIKE AMOUNT.

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"THEY ARE PAYING \$10.50 TO IMPORT IT ON THE EAST

COAST AND THEY ARE SELLING TO US FOR \$6.

"WELL, THAT'S A LITTLE INEQUITABLE AND THEY'VE GOT TO SOLVE SOMETHING LIKE THAT . . . I PERSONALLY DON'T FEEL IT'S ANY OF OUR BUSINESS TO BE TELLING THEM WHAT TO DO."

3. WITH REGARD TO STATE DEPARTMENT POSITION, SIMON IS QUOTED AS HAVING SAID, IN BRIEF INTERVIEW FOLLOWING A SPEECH AT AN ENERGY MEETING SPONSORED BY MCGRAW HILL, "THEY (STATE) STILL THINK IT'S TERRIBLE WHAT THEY (CANADA) HAVE DONE. I DISAGREE AND YOU CAN QUOTE ME." JOHNSON

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